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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 000178

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STATE FOR NEA/ARP, EB/ESC/TFS; NSC FOR HINNEN, TREASURY FOR
KRISTEN HECHT; S/CT FOR MONOSSON; AMMAN FOR GRANT

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TAGS: [ECON](#) [PGOV](#) [PTER](#) [PREL](#) [KU](#) [KTFN](#)

SUBJECT: TERROR FINANCE: PROGRESS BUT CHARITIES "STALLING"
GOK INITIATIVES

REF: A. KUWAIT 0059

[B](#). 06 KUWAIT 4706

[C](#). 06 KUWAIT 3503

Classified By: Charge d'Affaires Matt Tueller for reasons 1.4 (b) and (d).

[1](#). (C/NF) Summary: Following up on the Ambassador's January 16 meeting with the Minister of Social Affairs and Labor (MOSAL, ref A), Econoff met with Nasser Al-Ammar, Director of the Charities and Philanthropic Department at MOSAL on February 3 to discuss ongoing GOK efforts to strengthen oversight of Kuwaiti charity and philanthropic organizations. He was encouraged by the recent approval of KNet - a Kuwait debit card system - and SMS text messaging to collect donations, thereby creating an electronic record both the GOK and charities can use to monitor financial flows. However, he noted that other initiatives (ref C) have been delayed by dissenting members of the joint MOSAL-Charities committee in charge of their approval and implementation. End summary.

[2](#). (C/NF) On February 3, Al-Ammar briefed Econoff on the current status of a series of MOSAL-led initiatives designed to increase transparency of financial transactions (ref C). As reported on January 28 in the Kuwait daily Al-Watan, two of the four initiatives under consideration by a joint committee of MOSAL and charity officials have now received final approval. The first will allow for the collection of donations through KNet - a Kuwaiti debit card system - while the second will allow charities to solicit donations through SMS text messaging. To use KNet, a charity must: 1) have no violations of MOSAL statutes; 2) have a bank account recognized by the Central Bank of Kuwait; 3) collect funds only for projects that have received MOSAL (domestic) or MFA (international) approval; 4) collect donations only in the charity's headquarters; and 5) allow only Kuwaitis or individuals with residency sponsored by the same charity to collect funds. Similar rules will govern the solicitation of donations via SMS messaging: 1) charities must have no violations of MOSAL statutes; 2) charities may only use accounts recognized by the Central Bank of Kuwait; 3) charities may collect funds only for projects that have received MOSAL (domestic) or MFA (international) approval; and 4) MOSAL must pre-approve the text of all outgoing messages. Charities may use either a major telecommunication company (i.e., Wataniya or MTC) or a third-party to carry out this service.

[3](#). (C/NF) Despite the recent measures, Al-Ammar noted that representatives of some charities on the joint MOSAL-Charities committee reviewing the proposals continue to delay progress overall. These individuals, he said, object

to the initiatives in principle as perceived GOK interference in their internal affairs. He added that some charities also fear that donors will grow too comfortable with the anonymity of donating electronically and will no longer make cash donations, decreasing charities' liquidity. Al-Ammar, however, believes the new initiatives will greatly improve accounting and auditing methods for GOK and the charities alike. KNet and SMS messaging, in particular, will enable the GOK to determine exactly how much money charities receive from the services, and how and where they use it. Yes, MOSAL could push the remaining initiatives through without the Committee's approval, acknowledged Al-Ammar, but this would undermine the trust and mutual respect established after years of dialogue.

14. (C/NF) Al-Ammar also updated Econoff on the pending distribution of automated collection terminals that resemble vending machines in high-volume areas like the airport and local malls. According to the latest design concept the machines will have a touch screen interface that will allow donors to select their charity, view ongoing projects, and make electronic payments with ease. The menu will be offered in four languages: Arabic, English, Tagalog, and Urdu. Charities will be allowed to list their societies on the machines free of charge. To cover the cost, the vendor will charge donors a small fee per transaction. Al-Ammar noted that the surcharge has generated debate as to whether it is in accordance with Islamic jurisprudence, but alerting donors to the charge before they begin the transaction (i.e., via a clearly visible sign on top of the machine) should resolve any lingering concerns.

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